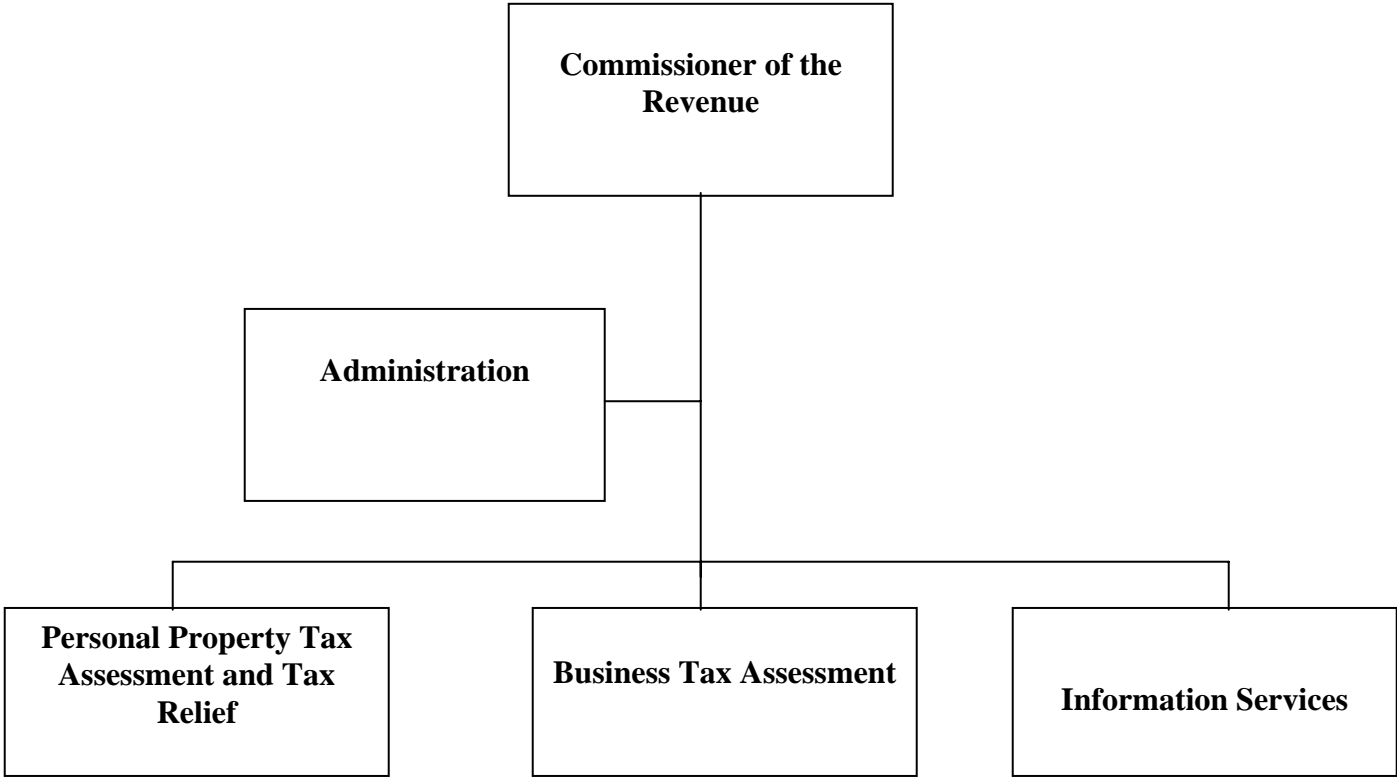


Commissioner of the Revenue



Commissioner of the Revenue

MISSION

The Commissioner of the Revenue's Office serves citizens and the business community by administering tax programs mandated by the Code of Virginia and local ordinance in a manner that is efficient, fair, equitable and thorough, while protecting the confidential personal and business information entrusted to the office.

DESCRIPTION

The Commissioner of the Revenue is an elected constitutional officer whose duties are mandated by the Code of Virginia and local ordinance. The Commissioner is elected at-large and serves a four-year term. The State Compensation Board reimburses approximately 80% of the principal officer's salary, a portion of staff salaries and a portion of the office's expenses as mandated by § 15.2 of the Code of Virginia. In December 2005, the State Compensation Board increased the FY 06 funding for the Commonwealth's share of office expenses, salaries and benefits to \$277,613.

As the chief tax assessing officer in Loudoun County, the Commissioner of the Revenue and his staff identify, classify and value individual and business personal property located in Loudoun County and assess local business license, transient occupancy, bank franchise, consumer utility, short term rental, and other local taxes, excluding real estate. The office also reviews and audits business records and tax returns and visits commercial centers and construction sites to ensure compliance with local and State tax laws, administers the local tax relief program for the elderly and disabled and provides state income tax filing assistance.

After the completing the assessment process, the Commissioner's Office forwards all assessment information to the Treasurer's Office for use in producing tax bills.

In addition to mandated duties, the Commissioner of the Revenue's Office assists economic development efforts to attract and retain commercial enterprises by counseling prospective businesses on the tax advantages of a Loudoun location. The office also assists in evaluating the fiscal impact of proposed legislative changes to taxes administered by the office and their affect on Loudoun citizens and businesses.

The Commissioner's office is comprised of three distinct divisions: Personal Property Tax Assessment & Tax Relief, Business Tax Assessment & Compliance, Information Services and Department Administration. The main office is located on the first floor of the County Government Center and a satellite office in the Loudoun Tech Center serves eastern Loudoun residents.

Commissioner of the Revenue

BUDGET OVERVIEW

FY 07 Issues, Challenges & Trends:

The office's challenge is to effectively serve Loudoun's rapidly growing citizen and business population in an environment with ever-changing tax regulations and technology. Unlike other agencies, the Commissioner of the Revenue's staff interacts with most every existing resident and business annually. In addition, staff provides service to most every new resident and business either through the registration of a vehicle for personal property tax or the registration of a local business. The office also provides Loudoun's incorporated towns with personal property assessment and tax relief applicant data for use in administering their tax programs as well as exchanges business tax information for use in administering business tax programs.

Growth

- Increasing number of residents and businesses in the County adds to the sheer volume of work.
- Growing non-English speaking population adds to the number of walk-in customers since many use cash for transacting business, do not transact business over the phone, and do not have Internet access.
- The volume of new construction and increase in the number of commercial centers in the County requires more discovery work to ensure compliance with local tax regulations.

Legislation

- The number of applicants for the Tax Relief for the Elderly and Disabled Program continues to increase due to the generosity of the program, increasing local real property tax burden, population growth, aging of the population, and citizen awareness of the program.
- During Virginia's 2006 General Assembly session, new legislation was introduced and passed regarding an increase to the Tax Relief for the Elderly and Disabled Program's real property net worth qualifying limits.
- Virginia's legislature annually considers changes to or elimination of the personal property tax on vehicles and business property, and the business, professional and occupational license tax. Considerable staff time is required to analyze the specific language contained in each bill and arrive at fiscal impacts.
- Virginia's cap on car tax reimbursements to localities goes into effect in CY 06, requiring assessment system modifications and administrative changes. The implementation of these changes will increase taxpayer inquiries as they attempt to understand the program changes.

Economy

- Consolidations in the information technology and telecommunications sectors as well as instability in the airline industry continue to result in assessment appeals, litigation and bankruptcies.
- Economic conditions affect taxpayers' willingness and ability to pay often resulting in assessment appeals.

Technology

- Improvements in the office's automated assessment and taxpayer reporting processes, including via the Internet, are necessary to keep pace with growth and changes made to other agency processes and applications.
- The office's ability to meet technology goals is dependent upon the Department of Information Technology.

FY 07 Major Goals:

- Subject to the approval of the Board of Supervisors, contract with the Virginia Department of Motor Vehicles (DMV) to become a license agent and provide select vehicle transactions.

FY 06 Major Achievements:

- Completed development of new organization structure including identification of proper position classifications.
- Reconfigured office space to support new organization structure and reconfigured phone system.
- Additional training funds provided by the Board of Supervisors enabled staff to take advantage of professional training opportunities.
- Networked copier and fax machines to enable the office to maximize imaging capabilities.
- To improve service to tax relief applicants, all frontline Information Services division staff have obtained their Virginia Notary certification to enable them to witness applicant signatures.
- Implemented a system change restricting the issuance of a business license, if any outstanding taxes are due.

Commissioner of the Revenue

Departmental Financial Summary	FY 03 Actual	FY 04 Actual	FY 05 Actual	FY 06 Adopted	FY 07 Adopted
Expenditures					
Personnel	\$1,597,865	\$1,675,070	\$1,640,787	\$2,063,000	\$2,118,000
Operations & Maintenance	289,827	200,956	200,460	233,000	249,000
Total Expenditures:	\$1,887,692	\$1,876,026	\$1,841,247	\$2,296,000	\$2,367,000
Revenue					
Local Fees, Charges, Etc	\$15,415,314	\$18,199,503	\$21,553,385	\$20,051,000	\$23,811,000
Commonwealth	272,940	244,265	269,190	272,000	272,000
Total Revenues:	\$15,688,254	\$18,443,768	\$21,822,575	\$20,323,000	\$24,083,000
Local Tax Funding:	(\$13,800,562)	(\$16,567,742)	(\$19,981,328)	(\$18,027,000)	(\$21,716,000)
FTE Summary:	33.55	32.55	32.55	32.55	32.55

FY 07 Board Action: The FY 07 Adopted Fiscal Plan for the Commissioner of the Revenue provides services at the County Administrator's recommended level. The FY 07 budget also includes funding for implementation of compensation increases and increased benefit costs effective September 2006.

Budget History:

FY 03 Mid-Year: 1.00 FTE (Tax Information Specialist) in the business tax program was eliminated during midyear budget reductions.

Commissioner of the Revenue

Expenditures by Program

Programs	FY 03 Actual	FY 04 Actual	FY 05 Actual	FY 06 Adopted	FY 07 Adopted
Personal Property Tax Assessment and Tax Relief	\$433,592	\$457,643	475,407	\$512,000	\$544,000
Business Tax Assessment	859,638	837,454	660,224	984,000	979,000
Information Services	341,431	413,814	422,874	493,000	514,000
Department Administration	253,031	167,115	282,742	307,000	330,000
Total	\$1,887,692	\$1,876,026	\$1,841,247	\$2,296,000	\$2,367,000

Revenues by Program

Programs	FY 03 Actual	FY 04 Actual	FY 05 Actual	FY 06 Adopted	FY 07 Adopted
Personal Property Tax Assessment and Tax Relief	\$506,756	\$540,708	\$775,752	\$565,000	\$815,000
Business Tax Assessment	15,181,498	17,903,060	21,046,823	19,758,000	23,268,000
Information Services	0	0	0	0	0
Department Administration	0	0	0	0	0
Total	\$15,688,254	\$18,443,768	\$21,822,575	\$20,323,000	\$24,083,000

Local Tax Funding by Program

Programs	FY 03 Actual	FY 04 Actual	FY 05 Actual	FY 06 Adopted	FY 07 Adopted
Personal Property Tax Assessment and Tax Relief	(\$73,164)	(\$83,065)	(\$300,345)	(\$53,000)	(\$271,000)
Business Tax Assessment	(14,321,860)	(17,065,606)	(20,386,599)	(18,774,000)	(22,289,000)
Information Services	341,431	413,814	422,874	493,000	514,000
Department Administration	253,031	167,115	282,742	307,000	330,000
Total	(\$13,800,562)	(\$16,567,742)	(\$19,981,328)	(\$18,027,000)	(\$21,716,000)

Staffing by Program

Programs	FY 03 Actual	FY 04 Actual	FY 05 Actual	FY 06 Adopted	FY 07 Adopted
Personal Property Tax Assessment and Tax Relief	7.01	7.01	6.01	6.01	6.01
Business Tax Assessment	15.00	14.00	14.00	14.00	14.00
Information Services	8.53	8.53	9.53	9.53	9.53
Department Administration	3.01	3.01	3.01	3.01	3.01
Total	33.55	32.55	32.55	32.55	32.55

Commissioner of the Revenue - Personal Property Tax Assessment and Tax Relief

The Personal Property Tax Assessment and Tax Relief division is responsible for the assessment of automobiles, trucks, aircraft, boats, campers, mobile homes, motorcycles, trailers and recreational vehicles. This division maintained and assessed personal property tax in compliance with Virginia State Code (including property, which is assessed by the Commonwealth) and County Ordinances over 379,000 accounts in tax year 2005. The number of accounts increases each year along with Loudoun's population. Accounts are established and adjusted year-round due to proration. This division also prepares the Personal Property Books that are provided to the Treasurer for use in producing personal property tax bills. Additionally, this division is charged with qualifying vehicles under the Personal Property Tax Relief Act of 1998 (No Car Tax) so that the County receives its appropriate share of the personal property tax reimbursement from the state.

In addition to the assessment of personal property, division staff provides input, research and analysis on all relevant State and local legislative issues and tax matters as requested. Staff has significant public interaction in person, by email, phone and correspondence, providing taxpayer assistance and problem resolution. Customers include citizens, other county agencies, leasing companies, the Department of Motor Vehicles (DMV), the Virginia Department of Taxation and other Virginia localities, including Loudoun's incorporated towns.

The tax relief program provides a tax reduction to qualified applicants on their homes and/or vehicles. Staff assists taxpayers in the completion of applications. Additionally, they review taxpayer provided documentation and determine qualification based on the program's guidelines. Due to the needs of the population served by this program, substantial assistance is provided to citizens by phone, one-on-one meetings in the office, and written correspondence concerning the applicants' qualification status.

BUDGET OVERVIEW

FY 07 Issues:

- Multiple tax accounts for each taxpayer results in redundant account maintenance and associated postage and mailing costs.

FY 07 Challenges:

- Applicants for the Tax Relief for the Elderly and Disabled Program utilize sophisticated investments and estate planning mechanisms.
- Implementation of the Virginia's cap on car tax reimbursement will increase taxpayer inquiries as they attempt to understand the program changes.
- Virginia's legislature annually considers changes to or elimination of the personal property tax on vehicles. Considerable staff time is required to analyze the specific language contained in each bill and arrive at a fiscal impact.
- Virginia's cap on car tax reimbursements to localities goes into effect in CY 06, requiring assessment system modifications and administrative changes.

Program Financial Summary	FY 03 Actual	FY 04 Actual	FY 05 Actual	FY 06 Adopted	FY 07 Adopted
Expenditures					
Personnel	\$307,317	\$324,194	\$346,722	\$371,000	\$397,000
Operations & Maintenance	126,275	133,449	128,685	141,000	147,000
Total Expenditures:	\$433,592	\$457,643	\$475,407	\$512,000	\$544,000
Revenue					
Local Fees, Charges, Etc	\$293,148	\$335,675	\$563,757	\$350,000	\$600,000
Commonwealth Funding	213,608	205,033	211,995	215,000	215,000
Total Revenues:	\$506,756	\$540,708	\$775,752	\$565,000	\$815,000
Local Tax Funding:	(\$73,164)	(\$83,065)	(\$300,345)	(\$53,000)	(\$271,000)
FTE Summary:	7.01	7.01	6.01	6.01	6.01

Commissioner of the Revenue - Personal Property Tax Assessment and Tax Relief

Planned Accomplishments/Objectives for FY 07

Goal: Improve online services available to residents reducing the necessity to transact business in person.

Objective: Upgrade the online vehicle registration process to automatically download data into the tax assessment system and allow the reporting of the sale or move of a vehicle.

<i>Performance Measures</i>	Actual FY 04	Actual FY 05	Est. FY 06	Proj. FY 07
Percent of completion for design of automated vehicle registration download	N/A	N/A	100%	N/A

Goal: Prepare personal property assessment books by prescribed deadlines.

Objective: Accommodate timely semiannual and supplemental billing by the Treasurer.

<i>Performance Measures</i>	Actual CY 04	Actual CY 05	Est. CY 06	Proj. CY 07
Number of Accounts Assessed/Updated/ Purged ^{1 *}	358,000	379,000	402,000	426,000
Countywide Personal Property Assessments (\$'s) ^{2 *}	2,879,026,000	3,547,000,000 **	3,653,000,000	3,763,000,000
Number of Exonerations ^{3 *}	54,000	59,000	62,000	65,000
Number of Supplements ^{4 *}	25,000	37,000	41,000	45,000

Notes:

*Includes both personal and business tangible property; information is recorded on a calendar year basis.

**Effective 2005, public utility tangible personal property assessments were accounted for on the personal property tax rolls. Previously, this property was reported on the real property tax rolls.

Sources:

¹Personal Property Account Summary by Tax Year (CRISR003)

²Personal Property Levy Summary by Use and Type (CRISR045)

³Personal Property Exonerations (CRIS606)

⁴Personal Property Levy Book Tax Calculate Summary (CRIS36)

Commissioner of the Revenue - Personal Property Tax Assessment and Tax Relief

Planned Accomplishments/Objectives for FY 07

Goal: Effectively administer the County's Tax Relief program for the elderly and disabled.

Objective: Reduce the tax relief turnaround time between application and approval.

<i>Performance Measures</i>	Actual CY 04	Actual CY 05	Est. CY 06	Proj. CY 07
Number of real estate and personal property applications and certificates qualified ^{1*}	2,000	2,180	2,300	2,550
Number of real estate and personal property certifications processed ^{2*}	930	1,600	1,860	950
Number of real estate and personal property applications processed ^{2*}	1,400	1,360	1,240	1,200

Notes:

*Information is recorded on a calendar year basis.

Sources:

¹*Tax Relief processed by Quarter (ELDRTR17-A)*

²*Tax Relief applications by Quarter (ELDRTR17-B)*

Commissioner of the Revenue - Business Tax Assessment & Compliance

DESCRIPTION

This division is comprised of two programs: Business Tax Assessment and Compliance. The Business Tax program is responsible for the assessment of business, professional and occupational license tax and business tangible personal property tax on business furniture and fixtures, heavy equipment, machinery and tools and computer equipment. This program also administers bank franchise, consumer utility, transient occupancy, short-term rental, mixed beverage license and other local taxes, excluding real estate. Business Tax assessors research, classify property and receipts and assess and maintain all business tax accounts. Staff has extensive customer contact from taxpayers visiting the office, phone calls, e-mail, and correspondence. Customers include business owners, leasing companies, other localities, accountants and attorneys.

In addition to the assessment of business tangible personal property and business professional and occupational license tax, division staff provides input, research and analysis on all relevant State and local legislative issues and tax matters as requested. The Compliance program is comprised of business tax auditors and field compliance representatives. Staff auditors review taxpayer business records and tax returns to ensure equitable assessment and compliance with Loudoun County ordinance and State tax code. Field compliance staff identifies unregistered businesses by visiting commercial centers and construction sites throughout the County and researching a variety of discovery resources. Auditors devote significant efforts to handling assessment appeals and litigation. Staff interacts with business owners, accountants, attorneys and other localities including Loudoun's incorporated towns.

BUDGET OVERVIEW

FY 07 Issues:

- Multiple tax accounts for each taxpayer results in redundant account maintenance and associated postage and mailing costs.

FY 07 Challenges:

- The volume of new construction and the increase in the number of commercial centers in the County requires more discovery work to ensure compliance with local tax regulations.
- Consolidations in the information technology and telecommunications sectors as well as instability in the airline industry continue to result in assessment appeals, litigation and bankruptcies.
- Economic conditions affect taxpayers' willingness and ability to pay often resulting in assessment appeals.
- Compliance division staff does not have remote access to business tax assessment systems or other online resources when performing field work outside of the office inhibiting their ability to respond to taxpayer inquiries.
- Virginia's legislature annually considers changes to or elimination of the business, professional and occupational license tax. Such proposals could potentially impact the underlying processes and applications used to manage the business tax programs.

Program Financial Summary	FY 03 Actual	FY 04 Actual	FY 05 Actual	FY 06 Adopted	FY 07 Adopted
Expenditures					
Personnel	\$710,205	\$785,375	\$605,692	\$915,000	\$902,000
Operations & Maintenance	149,433	52,079	54,532	69,000	77,000
Total Expenditures:	\$859,638	\$837,454	\$660,224	\$984,000	\$979,000
Revenue					
Local Fees, Charges, Etc	\$15,122,166	\$17,863,828	\$20,989,628	\$19,701,000	\$23,211,000
Commonwealth Funding	59,332	39,232	57,195	57,000	57,000
Total Revenues:	\$15,181,498	\$17,903,060	\$21,046,823	\$19,758,000	\$23,268,000
Local Tax Funding:	(\$14,321,860)	(\$17,065,606)	(\$20,386,599)	(\$18,774,000)	(\$22,289,000)
FTE Summary:	15.00	14.00	14.00	14.00	14.00

Commissioner of the Revenue - Business Tax Assessment & Compliance

Planned Accomplishments/Objectives for FY 07

Goal: Prepare business, professional and occupational license and business tangible personal property tax books by prescribed deadlines.

Objective: Accommodate timely semiannual and supplemental billing by the Treasurer.

<i>Performance Measures</i>	Actual CY 04	Actual CY 05	Est. CY 06	Proj. CY 07
Number of Business Tax Accounts Maintained ^{1, 2, 3, 4*}	48,000	52,000	54,600	54,600
Business Tax Revenue (\$'s) ^{5,6*}	\$47,107,000	\$51,148,000 **	\$44,551,000	\$48,081,000

Notes:

*Information is recorded on a calendar year basis.

** Effective 2005, public utility tangible personal property assessments were accounted for on the personal property tax rolls.

Previously, this property was reported on the real property tax rolls.

Sources:

¹Summary of Business Accounts by Location for Fiscal Year (BATSF32A)

²Summary of Business Accounts by Location for Calendar Year (BATSC32A)

³Summary of Business Tangible Accounts by Location for Fiscal Year (CRISF32A)

⁴Summary of Business Tangible Accounts by Location for Calendar Year (CRISC32A)

⁵Financial Accounting Management Information System (FAML6450) – BPOL Revenue

⁶Personal Property Levy Summary by Use and Type (CRISR045) – Computer Equipment, Furniture & Fixtures, Heavy Equipment, Machinery & Tools, and Satellite Revenue

Commissioner of the Revenue - Information Services

DESCRIPTION

The Information Services Division provides frontline assistance to taxpayers at the office's front counters and over the telephone. Staff counsels taxpayers regarding local and state tax regulations and refers them to agencies, as needed. Additionally, staff is responsible for receiving, sorting and distributing completed tax forms and taxpayer correspondence. This division also processes tax form and business license mailings and, subject to the approval of the Board of Supervisors, will begin providing DMV Select services in Fiscal Year 2007.

BUDGET OVERVIEW

FY 07 Issues:

- The Internal Revenue Service is no longer providing Virginia local tax offices with federal income tax forms thus increasing service demands on staff.

FY 07 Challenges:

- Applicants for the Tax Relief for the Elderly and Disabled Program typically prefer interaction with tax specialists in person.
- The increasing number of new residents and businesses in the County has a direct impact on the amount of walk-in traffic and calls received at the office's front counters.
- Growing non English-speaking population adds to the number of walk-in customers, who transact business with cash.

Program Financial Summary	FY 03 Actual	FY 04 Actual	FY 05 Actual\	FY 06 Adopted	FY 07 Adopted
Expenditures					
Personnel	\$332,311	\$403,177	\$412,708	\$481,000	\$502,000
Operations & Maintenance	9,120	10,637	10,166	12,000	12,000
Total Expenditures:	\$341,431	\$413,814	\$422,874	\$493,000	\$514,000
Revenue					
Local Fees, Charges, Etc	\$0	\$0	\$0	\$0	\$0
Commonwealth	0	0	0	0	0
Total Revenues:	\$0	\$0	\$0	\$0	\$0
Local Tax Funding:	\$341,431	\$413,814	\$422,874	\$493,000	\$514,000
FTE Summary:	8.53	8.53	9.53	9.53	9.53

Commissioner of the Revenue - Information Services

Planned Accomplishments/Objectives for FY 07

Goal: Provide timely service.

Objective: Manage front counter and phone service levels.

<i>Performance Measures</i>	Actual FY 04	Actual FY 05	Est. FY 06	Proj. FY 07
Ensure that citizens receive a response that is friendly, informative, accurate, literate and timely.	N/A	N/A	100%	100%

Commissioner of the Revenue - Department Administration

DESCRIPTION

Department Administration is responsible for the day-to-day management of multiple divisions, allocating resources, developing and implementing department procedures and interpreting the Code of Virginia to ensure the balanced application of local taxes. In addition to daily management activities, Administration is responsible for human resources administrative functions including: defining the organizational structure, developing comprehensive job descriptions and performance measures, classifying positions, developing position advertisements, screening applications, conducting applicant interviews, completing salary worksheets, checking references, issuing offer letters, performing department orientation, and ensuring new employees are properly equipped. Administration also works with the Department of Information Technology to develop and implement automated assessment system and Internet upgrades. The Commissioner and Chief Deputy respond to assessment appeals, defend legal challenges and prepare the departmental budget.

BUDGET OVERVIEW

FY 07 Issues:

- The current telephone system does not adequately monitor and report details of incoming call traffic by vector which inhibits management's ability to ensure proper staffing levels.
- Office's ability to implement technology initiatives is dependent upon the Department of Information Technology.

FY 07 Challenges:

- The office is continuously challenged by ever-increasing demands concerning legal issues and increasingly frequent requests for statistical and other tax data.

Program Financial Summary	FY 03 Actual	FY 04 Actual	FY 05 Actual	FY 06 Adopted	FY 07 Adopted
Expenditures					
Personnel	\$248,032	\$162,324	\$275,665	\$296,000	\$317,000
Operations & Maintenance	4,999	4,791	7,077	11,000	13,000
Total Expenditures:	\$253,031	\$167,115	\$282,742	\$307,000	\$330,000
Revenue					
Local Fees, Charges, Etc	\$0	\$0	\$0	\$0	\$0
Commonwealth	0	0	0	0	0
Total Revenues:	\$0	\$0	\$0	\$0	\$0
Local Tax Funding:	\$253,031	\$167,115	\$282,742	\$307,000	\$330,000
FTE Summary:	3.01	3.01	3.01	3.01	3.01

Commissioner of the Revenue - Department Administration

Planned Accomplishments/Objectives for FY 07

Goal: Complete assessment processes by prescribed deadlines.

Objective: Ensure the balanced application of local taxes.

<i>Performance Measures</i>	Actual FY 04	Actual FY 05	Est. FY 06	Proj. FY 07
Countywide personal property assessments per FTE (\$'s)	\$86.1 Million	\$109 Million	\$112 Million	\$116 Million

Notes:

Information is recorded on a calendar year basis.